

Cross-asset implications of the US capture of Nicolás Maduro

Bottom line: Oil markets face a short term geopolitical risk premium, but the medium term direction hinges entirely on Venezuela's political trajectory – either a stabilizing, investment friendly transition (bearish oil) or Libya style fragmentation (bullish oil). Risk assets could experience event driven volatility, with EM and LatAm risk underperforming while energy and defense sectors gain relative support. We do not see material deterioration in risk sentiment as our central case. Gold's strategic bid strengthens, supported by geopolitical uncertainty, sanctions regime anxiety, and the potential for an oil inflation channel if Venezuelan supply becomes structurally impaired.

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Markets What happened

In a shock pre-dawn operation on 2–3 January 2026, US special operations forces conducted a raid in Caracas that resulted in the capture of Venezuelan President Maduro and his wife, Flores. As widely reported in the news media, the operation involving elite units such as the US Army's Delta Force struck in Caracas, seized Maduro and Flores, and began flying them to the US to face a 2020 narco terrorism and cocaine importation conspiracy indictment in the Southern District of New York. US President Trump confirmed the operation publicly, calling it a "large-scale strike" conducted with law enforcement partners. In the same briefing, Trump went so far as to say the US would "run the country" until Washington could engineer a "just" transition, raising immediate questions about the legal basis for such a role. This action has triggered diplomatic backlash: Russia and Cuba have condemned the operation as a violation of Venezuelan sovereignty, while the US has framed it as both a counter narcotics measure and a strategic move to counter the increasing influence of China which has been a major buyer of Venezuelan crude in exchange for debt repayment. As widely reported on news media, Venezuela's oil infrastructure – crucial to global markets – was not directly targeted. Reuters reporting indicates that state oil company PDVSA's production and refining operations remained "normal" on Saturday, with "most important facilities" undamaged; the port of La Guaira, near Caracas and not central to oil operations, did suffer severe damage. That combination – regime decapitation without immediate physical damage to core energy assets – has shifted the market debate away from infrastructure risk towards political and civil conflict risk.

Implications for oil markets

Venezuela holds the world's largest proven oil reserves – roughly 300 billion barrels – but years of sanctions, mismanagement, and under investment have kept output far below potential. Immediate market focus is the flow of 800k to 900k barrels of oil per day that Venezuela currently produces, and whether that flow is disrupted by civil unrest, sanctions tightening, or operational paralysis at PDVSA. A gradual recovery from historic lows in 2020, Venezuela's production rose to about 550k–630k barrels per day in 2021, then to 217 million barrels in 2022 and 264 million barrels in 2023, and around 315 million barrels in 2024 – roughly 850k barrels per day – helped by Iranian diluent swaps and the easing of US sanctions under General License 44.

In the very short term, the capture is likely to be mildly bullish for crude prices through a geopolitical risk premium. We expect for an initial rise in Brent and WTI as participants

price in the possibility of supply disruptions or shipping and insurance risk around Venezuelan exports. In the recent months, crude prices were hovering around the mid-USD60s per barrel and had remained subdued partly because Venezuelan exports were already constrained by sanctions, implying that the marginal shock comes more from political instability than from a large, immediate loss of barrels.

The medium to long term effect hinges entirely on Venezuela's political trajectory. We see two scenarios:

- **Stabilization and liberalization:** If the country coalesces quickly around a more democratic administration, foreign capital returns, the risk premium falls, and US and international oil companies re-enter the Orinoco Belt. Such a scenario would be structurally bearish for oil over several years as Venezuelan supply climbs back, adding hundreds of thousands of barrels per day to the market.
- **Fragmentation and civil conflict:** If Venezuela instead resembles post Gaddafi Libya – with competing factions, persistent violence, and hostile sentiment toward external investors – then supply could be further constrained, either through operational disruptions, sabotage, or continued sanctions. This could be the more likely near term path, implying a slightly bullish increase in geopolitical risk and slightly bullish impact on pricing in the short term.

Further, by removing Maduro, the US is not just targeting a “narco state” but also trying to disrupt China's privileged access to Venezuelan crude, potentially realigning flows towards US aligned companies such as Chevron if a cooperative post Maduro government emerges. That raises the prospect, over time, of a “Chevron led recovery” of Venezuelan output, but only once legal, contractual, and security uncertainties are resolved.

In sum, near term volatility and a modest risk premium are likely, but the sign and scale of the multi-year oil price impact will depend on whether Venezuela's transition looks more like a managed opening or a prolonged, Libya style disorder.

Implications for risk assets and hedges such as gold

For global risk assets, the Maduro capture is a classic geopolitical shock layered onto an already complex macro backdrop. Historically, sudden regime change or military interventions in major commodity producing countries have tended to produce:

- Higher volatility across equities and credit, particularly in emerging markets and energy sensitive sectors.
- Short term safe haven flows into US Treasuries, the US dollar, and gold.
- Event driven dispersion – Latin America, EM high yield, and oil linked equities underperform at first, while defense, energy, and some US assets can outperform.

In this case, the direct economic footprint of Venezuela in global GDP is small, so the shock is transmitted through commodities, EM sentiment, and geopolitics (US–China, US–Russia). The move is also a strategic attempt to weaken China's energy foothold in Latin America, which could reinforce broader narratives of bloc splitting and resource nationalism. That backdrop tends to support higher risk premiums in EM credit and FX,

particularly for countries perceived as politically aligned with Caracas or exposed to similar sanction risk. However, overall impact on global oil prices is unlikely to be extreme, which implies that any broad risk off move in global equities may be limited unless the situation escalates into full scale civil war or draws in regional powers

Gold, in this setting, functions as a hedge against three intertwined risks:

- Geopolitical escalation risk: An overt US role in running Venezuela, as Trump suggested, increases the probability of a protracted insurgency or proxy confrontation involving Russia, Cuba, or other regional actors. Each flare up typically supports gold via classic safe haven demand.
- Sanctions and dollar system risk: The precedent of forcibly extracting a sitting head of state to face US courts may reinforce concerns among some EM governments about their exposure to US jurisdiction and sanctions power. While that is not an immediate monetary shock, over time it can be part of a broader drift toward diversification away from dollar assets—a theme that investors have hedged in recent years with allocations to gold and, to a lesser extent, other real assets.
- Oil-inflation channel: If Venezuela's post Maduro path resembles Libya, and global oil prices face a persistent risk premium, the medium term inflation outlook could become more volatile. Even if core inflation remains anchored, investors often respond to energy price uncertainty by nudging gold allocations higher as an inflation hedging complement to nominal bonds.

➤ Overall based on the information available at the time of drafting this note, for risk assets we expect event driven volatility at most; relative underperformance of EM and LatAm risk; and selective outperformance of energy and defense equities, assuming no sharp global growth downgrade. We do not see material deterioration in risk sentiment as our central case. For hedges like gold, the setup is mildly supportive – a geopolitical bid layered onto an already established role as a portfolio diversifier – while the magnitude of the move will ultimately track how Venezuela's internal power struggle evolves over the coming months.

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